

## MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:42 A.M. on March 13, 2008 in Room 519-S of the Capitol.

All members were present except:

Anthony Hensley  
Nick Jordan

Committee staff present:

Gordon Self, Office of Revisor of Statutes  
Chris Courtwright, Kansas Legislative Research Department  
Scott Wells, Office of Revisor of Statutes  
Ryan Hoffman, Kansas Legislative Research Department  
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Representative Tim Owens  
Joan Wagon, Kansas Department of Revenue  
Tony Scott, Kansas CPA Association  
Paul Welcome, Johnson County Assessor

Others attending:

Hearing on **HB 2018--An act creating the state court of tax appeals and abolishing the state board of tax appeals** was opened.

Scott Wells, Revisor of Statutes, reviewed **HB 2018**, which would rename the Board of Tax Appeals (BOTA) the Court of Tax Appeals (COTA), and the Board members would be renamed Tax Law Judges.

Representative Tim Owens testified in support of **HB 2018**. (Attachment 1) He said the bill was the product of a 15-month sub-committee effort. The proposed four-member Board would consist of one CPA, one attorney and two others. Tax experience would not be necessary, but preferred for Tax Law Judges. COTA would be a quasi-judicial body. A current geographic requirement prohibiting more than one member from any congressional district would be repealed. Senator Lee expressed concern over that provision being repealed. Representative Owens said the person appointing the positions should take into consideration the fact all areas of the state should be represented. He said **HB 2018** is one of the more taxpayer-friendly bills that has been introduced in a long time. Removing the district court from the appeals process would eliminate up to one year of appeals time.

Rebecca Crotty, Chairman of BOTA, said she would be pleased to answer the Committee members' questions and concerns about **HB 2018**.

Paul Welcome, Johnson County Appraiser, commended Chairman Crotty on the expedition of the hearing process. He testified his goal was to have the commercial properties heard in a timely fashion and to eliminate the interest charge that is currently being paid by the county. (Attachment 2) Mr. Welcome would like to return to five Board members for COTA. He provided an overview of the commercial BOTA cases in Johnson County with his testimony.

Senator Schmidt expressed concern about taking the district court out of the equation for appeals. The **HB 2018** appeals process goes directly to the Court of Appeals. Ms. Crotty said the rules of evidence are more relaxed in BOTA. The issues of admissibility are currently considered in the appeals process. She said lay members of BOTA are subject to judicial rules and regulations.

Secretary Joan Wagon, Kansas Department of Revenue, (KDOR), testified in support of **HB 2018**.

## CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:42 A.M. on March 13, 2008 in Room 519-S of the Capitol.

Tony Scott, Kansas CPA Association, testified as a neutral party relating to **HB 2018**. He supported the bill's removal of geographic diversity requirements. (Attachment 3) In response to Senator Schmidt, Mr. Scott said he feels CPAs are as infinitely qualified as attorneys, and a magistrate was not needed by COTA. Senator Lee questioned why it would be difficult to find CPAs or attorneys in all districts. Mr. Scott clarified BOTA board member J. Kubic is a Republican. Ms. Crotty said she was currently the "attorney" member of BOTA.

Court of Appeals Judge Richard Green discussed the appeals process with committee members. With respect to leaving the district court out of the appeals process he said the district court would just as soon not have those cases on their dockets. An increase in case loads could be handled by the Court of Appeals. Currently, the Court of Appeals judges tend to ignore what the district court did and look to the court of record, BOTA. The Worker's Compensation Board does not go through the district court on appeals. The Court of Appeals would like **HB 2018** better if all members of COTA were required to be members of the Kansas Bar.

Chairman Allen thanked Judge Green for his information and requested he put his key comments in writing as they would be helpful to the Committee as the bill is being considered. She then asked committee members to let her know if they would like additional information on **HB 2018**, a sub-committee for further study of the bill, to send the bill to interim, or to simply work the bill.

The hearing was closed.

Hearing on **HB 2520--Liability for taxes and other expenses related to conversion of lands into condominiums** was opened.

Paul Welcome, Johnson County Appraiser, testified in support of **HB 2520**. (Attachment 4) The bill would prevent condominium owners from being unfairly taxed for developable land designated for future condominiums. A problem arises with "convertible" land because the County Appraiser is required to appraise it as developable land. As a result, convertible land is appraised at a much higher value than regular common area. Cindy Dunham, Assistant Johnson County Counselor, explained the situation only arises when a developer builds on convertible land.

The hearing on **HB 2520** was closed.

Senator Apple moved to approve the minutes of the March 6 and March 12 Committee meetings. Senator Bruce seconded the motion, and the motion passed.

Being no further business, the meeting adjourned at 11:37 a.m. The next meeting will be March 19.